

# House File 442 - Introduced

HOUSE FILE \_\_\_\_\_  
BY PETTENGILL

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to requirements for trust fund deposits of  
2 prepayments for cemetery and funeral merchandise, and funeral  
3 services.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
5 TLSB 1156HH 82  
6 av/je/5

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1 1 Section 1. Section 523A.201, subsections 2 and 3, Code  
1 2 2007, are amended to read as follows:  
1 3 2. If a seller agrees to furnish cemetery merchandise,  
1 4 funeral merchandise, funeral services, or a combination  
1 5 thereof and performance or delivery may be more than one  
1 6 hundred twenty days following the initial payment on the  
1 7 account, a minimum of ~~eighty ninety-five~~ percent of all  
1 8 payments made under the purchase agreement shall be placed and  
1 9 remain in trust until the person for whose benefit the funds  
1 10 were paid dies.  
1 11 3. If a purchase agreement for cemetery merchandise,  
1 12 funeral merchandise, funeral services, or a combination  
1 13 thereof provides that payments are to be made in installments,  
1 14 the seller shall deposit ~~eighty ninety-five~~ percent of each  
1 15 payment in the trust fund until the full amount required to be  
1 16 placed in trust has been deposited. If the purchase agreement  
1 17 is financed with or sold to a financial institution, the  
1 18 purchase agreement shall be considered paid in full and the  
1 19 trust requirements shall be satisfied within fifteen days  
1 20 after the close of the month in which the seller receives  
1 21 funds from the financial institution.  
1 22 Sec. 2. Section 523A.405, subsection 8, Code 2007, is  
1 23 amended to read as follows:  
1 24 8. The amount of the surety bond shall equal ~~eighty~~  
1 25 ~~ninety-five~~ percent of the payments received pursuant to  
1 26 purchase agreements, or the applicable portion thereof, for  
1 27 cemetery merchandise, funeral merchandise, funeral services,  
1 28 or a combination thereof and the amount needed to adjust the  
1 29 amount of the surety bond for inflation as set by the  
1 30 commissioner based on the consumer price index. The seller  
1 31 shall review the amount of the surety bond no less than  
1 32 annually and shall increase the bond as necessary to reflect  
1 33 additional payments. The amount needed to adjust for  
1 34 inflation shall be added annually to the surety bond during  
1 35 the first quarter of the establishment's fiscal year.  
2 1 Sec. 3. Section 523A.811, subsection 1, paragraph c, Code  
2 2 2007, is amended to read as follows:  
2 3 c. The amount of funds currently held in trust for  
2 4 cemetery merchandise, funeral merchandise, and funeral  
2 5 services is less than ~~eighty ninety-five~~ percent of all  
2 6 payments made under the purchase agreements referred to in  
2 7 section 523A.201.

## EXPLANATION

2 9 This bill relates to the requirements for trust fund  
2 10 deposits of prepayments for cemetery and funeral merchandise,  
2 11 and funeral services.  
2 12 Code section 523A.201 is amended to require that a minimum  
2 13 of 95 percent of such payments made under a purchase agreement  
2 14 must be placed in trust until the person for whose benefit the  
2 15 funds were paid dies, and that 95 percent of each installment  
2 16 payment made under such a purchase agreement must be placed in  
2 17 trust until the full amount required to be placed in trust has  
2 18 been deposited. Currently, only 80 percent of such payments  
2 19 must be placed in trust.

2 20 Code section 523A.811 is amended to require the insurance  
2 21 commissioner to notify the attorney general of the need for  
2 22 establishment of a receivership if a seller of cemetery and  
2 23 funeral merchandise, and funeral services, has placed in trust  
2 24 less than 95 percent of the payments referred to in Code  
2 25 section 523A.201.  
2 26 LSB 1156HH 82  
2 27 av:nh/je/5